E X E C U T I V E S U M M A R Y:

A REPORT OF FILM AND VIDEO PRODUCTION,

DISTRIBUTION AND EXHIBITION IN MANITOBA AND

RECOMMENDATIONS FOR A MANITOBA GOVERNMENT POLICY

The views expressed in this report are the personal views of the author, and should not be attributed to the Government of Manitoba.

Research & Planning
Manitoba Culture, Heritage & Recreation
1984

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A. BACKGROUND

This document represents a summary of four outside consultants' reports on the Manitoba film and video industry which were prepared for Manitoba Culture, Heritage and Recreation. The need to develop a provincial film policy has been well recognized by both the Department and the Manitoba film community. An Advisory Committee composed of representatives from the Winnipeg Film Group, the Manitoba Film Producers Association, the Manitoba Arts Council and the film community at large was established by the Minister to provide input into the policy development process. These four consultant reports, commissioned by the Department to provide the base for the film policy are:

A Profile of the Manitoba Film Industry
(Erna Buffie and Paul Audley & Associates Ltd.);

The Impact of Federal Film and Television Policy Initiatives on Manitoba
(Paul Audley & Associates Ltd.);

The Development of Film and Video Production, Distribution and Exhibition - Proposals for a Manitoba Government Policy
(Paul Audley & Associates Ltd.)

An Assessment of the Economic Impact of Film and Television Production, Distribution and Exhibition Activities in Manitoba
(Paul Audley & Associates Ltd.)

It should be noted that these documents are the work of outside consultants, and do not constitute the Department's policy. They will be reviewed by the Department within the larger context of the cultural industries strategy which it is developing. It should also be noted that although a Manitoba film policy as recommended in these documents could be independently effective, cooperation and coordination at both the federal and provincial level, could produce a much greater impact on the local film industry.

In this summary, the term "film" refers to both film and videotape (video) unless otherwise stated. This summary was prepared by Wanda Jamieson-Harrington and Carol-Anne O'Brien for Manitoba Culture, Heritage and Recreation.

B. MANITOBA FILM INDUSTRY PROFILE

I. PRODUCTION

Production in Manitoba is carried out by both public and private entities. Identified production costs in 1982 totaled $12 million although a more complete figure for production costs is estimated to be $15 million and it must be stressed that the figures below are not in all cases directly comparable. The principal producers and their respective identifiable expenditures are:

Canadian Broadcasting Company (CBC)	$2,050,000*
Private Television Stations	5,000,000
Independent Producers	2,481,000**
Cable Television Companies	1,136,000
Government of Manitoba	1,000,000
National Film Board (NFB)	450,000
TOTAL (Estimate)	$12,117,000

Most of the film production in Manitoba consists of news, current affairs, and sports programming, which is produced for television and is primarily carried out by CBC and the four private television stations. In 1981-82, exclusive of news and current affairs, CBC produced 710 hours of program- ming; commercial stations produced 443. Cable television companied are required by license to provide a community channel as part of their basic service, which facilitates the production of community programs. In 1982, the cable industry's program origination expenditures were $1,135,898, or, seven (7) per cent of its total revenue. The Department of Agriculture and the Department of Education are the principal film producers within Government. Independent producers are primarily involved in contract production of commercial, industrial and government

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* excludes studio time and technical staff salaries
**excludes most films produced using the Capital Cost Allowance incentive; includes the Winnipeg Film Group

films, which accounts for two-thirds of their overall production. The remaining one third consists of a mix of documentaries, educational films and some drama and variety programs. The Winnipeg Film Group, which was established in 1974 as a non-profit cooperative, has become an important focal point for the freelance community. It is involved in producing and providing production assistance to films that are of social and artistic merit, the provision of training and the exhibition and distribution of Manitoba produced films. The NFB regional office, established in 1975, has become an important producers of films that reflect the cultural life of Manitoba.

Overall, the current level of production in Manitoba is limited. Few productions reflect and explore the social and cultural realities of the Province, or provide adequate opportunities for the utilization of Manitoba's creative and technical talent. The reasons for this are complex. CBC has not significantly utilized private sector producers, freelance filmmakers and technicians in their regional network programming. Although the NFB has been producing documentary, drama and education films which have explored Manitoba's cultural character, its activities have been modest, with total production expenditures equalling only five per cent of the total production expenditures in the Manitoba film industry in 1982. Although the NFB is a major source of short-term employment for freelance film workers in Manitoba, it has been reluctant to engage independent producers or to become involved in independent productions and co-productions. Due to difficulties in acquiring sufficient capital, independent production companies cannot participate in the production of film aimed at the theatrical or television markets on a regular basis.

Despite the modest level of activity, there exists an industry base with much potential for development. The independent production industry which has been a relative recent phenomenon gives evidence to this. A survey of independent companies* undertaken by the Department of Culture, Heritage and

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* representing a 92% sample

Recreation in 1982 indicated that most began operation in the mid to late 1970's. Some of these companies have won national and international awards for their production of documentaries, variety programs and television commercials.*

Although the growth of independent companies has fluctuated, there has been an upward trend in revenue, to $2.5M in 1982. In 1981, nine companies surveyed by Statistics Canada produced 58 films. Since 1975, the Winnipeg Film Group has produced approximately 35 films of cultural and social significance to Manitobans. Contract production remains the mainstay of the independent production companies. In 1982, it accounted for sixty-two (62)% of their films: of this contract production sixty-one (61)% was for the private sector; thirty-two (32)% for provincial governments and five (5)% for the federal government. Of the provincial figure, the Manitoba government account for 5% of production (the bulk of their production being done in-house). Independent productions, initiated by the company and financed by outside investment capital accounted for twenty-two (22)% of the films produced. Most of these films have been aimed at the non-theatrical market. The Capital Cost Allowance has only been accessible to Manitoba producers on a limited basis, although 18 productions ($13,990,915) have been financed since this incentive was introduced in the 1970's.

Profitability varies greatly for different types of production. Certainly higher risks are involved in production aimed at television and theatrical distribution, as the current marketing and distribution structure is in most cases inadequate to enable producers to recover production costs. A Statistics Canada survey for 1981 indicated that Manitoba producers surveyed had a pre-tax profit of $434,140, or 27.9 percent.

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*a list of award winning Manitoba films is included as Appendix B to the Profile.

The 1983 Culture, Heritage and Recreation survey, however, suggested a considerably lower profit level. Those surveyed who provided figures on pre-tax profit (7 out of 12 respondents), had a profit of $143,868, or 11 percent for 1982. The Culture, Heritage and Recreation study also indicated that the companies surveyed have total assets of $1.5M. None own the premises in which they are located.

The CBC, private stations and the NFB are viewed critically by the independent production companies because of their perceived reluctance to engage in the financing of independent productions and co-productions of drama and variety programming. Both the CBC and the commercial stations have, however, indicated a commitment to become more involved in such activities, using the newly established Canadian Broadcast Program Development Fund (CBPDF)* for such activities.

II DISTRIBUTION

Films are produced for a variety of purposes and for both general and specialized markets. Yet, there is little point in any film being produced unless audiences are aware of and have access to it.

Television represents the principal means through which Manitobans view films. Over ninety-seven (97) per cent of Manitoba households have television sets. CBC's regional and network signals are redistributed by forty-seven (47) transmitters throughout the province; two commercial stations have additional transmitters; and both CBC and private stations are distributed by cable systems, to which over fifty-five (55) per cent of Manitoba households subscribe. Manitobans watch television a total of 24.3 hours weekly - marginally above the national average.

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*This program is discussed below under C. THE IMPACT OF FEDERAL FILM AND TELEVISION POLICY INITIATIVES ON MANITOBA.

Although Manitoba specific data is unavailable, it is accepted that Manitoba viewing patterns following the national norm. English-Canadians spend eighty (80) per cent of their television viewing time looking at sports, drama, variety and other categories of entertainment; twenty (20) per cent watching news, information and current affairs. Thirty (30) per cent of viewing is of Canadian programs; seventy (70) per cent of foreign. While over ninety (90) per cent of news, information and current affairs programs viewed are Canadian, as well as a high proportion of sports, over ninety (90) per cent of other entertainment watched was foreign. Forty-six (46) per cent of entertainment programs watched by French-Canadians was foreign.

Little Canadian programming is offered in the drama or variety categories with the exception of CBC. In peak viewing time (8:00 - 10:30 p.m.) only the CBC shows a substantial amount of Canadian programming, but little of this is Manitoba specific, or originates in Manitoba.

CBC has not been a significant market for independent producers in Manitoba. CBC spent $1,500 for local non-CBC produced films in 1982-83. There have been few attempts to purchase and showcase films by independent filmmakers outside of spot bookings for NFB productions and with the exception of a series entitled "Manitoba Filmmakers: The Award Winners". This series was however aired at midnight on summer Sunday evenings. Moreover, at the network level there does not appear to be a clear policy on the license fees to be paid for independent Canadian productions. Fees paid have not usually totalled more than thirty (30) per cent of production costs and are often lower. Films in the "Award Winners" series were purchased for between $220-250 per item - regardless of length.*

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*Ranging from 8-30 minutes. The Winnipeg Film Group has set prices for 30 minute films at $500-550 per print.

Only rarely are independently produced Manitoba productions acquired by commercial broadcasters in the province. CKND has a yearly contract with the NFB prairie region to acquire 2,000 to 3,000 minutes of NFB films. But sales by independent producers to commercial stations in Manitoba are rare. Even if sales are achieved, they are not likely to return to independent producers a significant percentage of their production costs under the current license fee structure.

The cable systems distribute CBC and/or its affiliate, CKX, as well as CKY and CKND and four U.S. networks (not generally available off-air), as well as the cable originated community channel. The overall mix of domestic and foreign programming offered by cable contains a much higher proportion of foreign content than is available through off-air broadcast.

Film distribution through video cassette recorders (VCR's) has begun to develop very rapidly, and is increasingly becoming an important film distribution vehicle. According to a May, 1983 Statistics Canada survey, 25,000 or seven (7) per cent of the province's 350,000 households had VCR's. But household penetration is expected to increase annually by forty to fifty (40-50) per cent over the next few years. Over half of Manitoba schools have VCR's. According to the NFB, video cassettes are replacing 16mm film prints as the preferred format for distribution.

The Manitoba Government Departments of Natural Resources, Health, Highways and Transportation, Labour and Manpower and Tourism, as well as agencies such as Manitoba Hydro and Manitoba Telephone System all have film libraries and offer a free lending service. The department most involved in film distribution is the Department of Education, with an acquisition budget for films and videotapes in 1982-83 of $160,000. The Education library includes 4,220 film titles and 830 videotapes. Of the film acquisitions, 30 to 40 per cent were Canadian, while ten (10) per cent were produced in Manitoba; sixty (60) per cent of videotapes were

Canadian and ten (10) per cent were Manitoba productions. The Department of Education has sold its films commercially, and has distributed some education material such as the General Education Development Test for Adults on cable television. For commercial distribution the Department has, since Fall 1982, used the Winnipeg Film Group's services.

Public Libraries are an important access point for individuals and groups interested in films. In the Public Library Service, which maintains a central distribution service, the total number of films* held is 561; 325 of these are Canadian, and only 23 are Manitoban. Only $3,006.61 of the 1982-83 film budget of $45,041.38 was spent on Manitoba films. In the Winnipeg Public Library, of 676 films held, 195 are Canadian, and 37 are Manitoban. Only $799.00 of the film budget of $32,000.00 was spent on Manitoba films. In the Portage la Prairie Public Library, of 388 films held, 257 are Canadian and only 8 are Manitoban. In 1982, only $205.00 of a total film acquisitions budget of $8,860.75 was spent on Manitoba films.

The NFB distributes the approximately 2,000 film titles in its catalogue through sales to the Department of Education, the Public Library Services Branch, individual libraries, the NFB's own lending service, the NFB's theatre, sales to broadcasters, free distribution on cable and sales to schools and school divisions throughout the province.

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*1982 data does not include videotapes, filmstrips or slide tape kits (data unavailable).

In 1981, Manitoba movie theatres had 4.1 million admissions and reported total revenues of $15.9 million.* In 1981-82, 339 feature films were exhibited in Manitoba theatres, of which 20 were certified as Canadian. There were no Manitoba features exhibited although a number of Manitoba films are suitable movie theatre "shorts". Movie theatres no longer exhibit shorts as frequently as they did in the past.

In 1980, the Winnipeg Film Group established a distribution office with initial support from the Canada Council. The Winnipeg Film Group now distributes 45 films of social and cultural significance to Manitoba.

To the limited extent that independent production companies have become involved in producing films on a non-contract basis, most companies handle their own distribution in Canada, using other firms as agents in the United States. One of the difficulties faced by Manitoba producers is that the distribution industry is located primarily in Ontario. Only two small distribution companies operate in Manitoba, with six full-time and one part-time employee. Manitoba producers, like all Ontario producers, also are affected by the fact that foreign-controlled distribution companies dominate the industry in Canada. Between 1977-1981, the foreign-controlled companies, all subsidiaries of the major Hollywood Studios, distributed only 6 Canadian features. Canadian controlled companies, which in the same period distributed 200 Canadian feature films, are however losing their place in the distribution structure. Between 1977-1981, their share of the theatrical distribution revenue declined from 30.2 percent to 18.5 percent.

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*Distribution companies in Canada earned $126M from theatrical distribution in 1981, of which only $3M, or 2.4 percent was earned from the distribution of Canadian films.

C. THE IMPACT OF FEDERAL FILM AND TELEVISION POLICY INITIATIVES ON MANITOBA

I FEDERAL GOVERNMENT OBJECTIVES

a. Television

Federal involvement in the Canadian broadcasting system has been traditionally rooted in three objectives: that broadcasting be under effective Canadian control; that it be available throughout the country, and that it be Canadian in content and character.

Within this framework, television has been seen as an instrument of a social and cultural policy which should reflect Canadian realities and contributes to the achievement of national cultural and social goals. Recent federal decisions suggest, however, that other priorities are emerging. One example of this is the Canadian Radio-Television and Telecommunications 1982 decision to license directly competing commercial pay television services, while treating as secondary the financial ability of competing services to finance Canadian television programs. At present, pay licensees do not have sufficient funds which would allow Canadian production to occur; they are only able to pay $100,000 per hour for Canadian programs which require financing of approximately $250,000 - $350,000 per hour. Producers are left to find up to three quarters of their market outside Canada. The most important sale becomes one to a U.S. pay television service. As the most important buyer, U.S. pay television operators have a decisive influence on the nature of the production, generally to the exclusion of any program content which is recognizably Canadian.

The Canadian Broadcast Program Development Fund (CBPDF), which was established in March 1983 imposes a similar harsh reality on Canadian producers. The Fund provides loan or equity capital for private sector production of Canadian programs, under the requirement that the producer matches every dollar received from the Fund with two dollars from other sources.* Generally, these private sector dollars are acquired from the sale of program exhibition rights. Since Canadian broadcasters pay very low license fees when they acquire rights for Canadian production, most programs made with Fund support will have to attract the U.S. market rather than the Canadian market. This particularly makes access to the Fund difficult for French-language producers, regional producers, or indeed any producers wishing to make programs designed for Canadian audiences. It gives American television services, not Canadians, increasing control over the content of Canadian produced programs which use public financial support. The Fund structure and criteria do not effectively address the problems of a national production industry. As the Canadian Film and Television Association (CFTA) noted,

> "Other countries accept that if they want indigenous independent productions, they must put up at least 75% of the cost of production. We are lucky if we get 30%"*

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*$34M in 1983, rising to $60M in its fifth year, for a total five year investment of $254M. The Fund will lever more than $750M of private sector investment.

*CFTA, "A Submission by the CFTA to the Federal Cultural Policy Review Committee" May 1981 p.9.

There exists, however, some conflicting evidence as to government priorities in particular the CRTC's August 1983** decision to tighten up the definition of a Canadian program in order to try to ensure that there is greater creative control by Canadians over any productions that qualify as Canadian for purposes of meeting the CRTC'S Canadian content requirements.

b. Federal Film Policy

Federal film policy reflects the same unresolved tension, although a new film policy, expected soon, may clarify the Government's position. Historically, initiatives such as the Canadian Film Development Corporation (CFDC) established in 1968 to "foster and promote the development of a feature film industry in Canada," coupled with the Capital Cost Allowance (CCA) for film, were at one time successful in stimulating the flow of private capital into feature film production. But these efforts pushed producers into a big budget, export-dependent pattern of production which has proven unsustainable. From a total budget high of $180M in 1979, the Canadian features total production budget declined to $30M in 1982.

The distribution bottleneck facing Canadian films has never been tackled, although it is anticipated that the upcoming new policy will address this problem. Canada lags behind most European countries in this area, where measures such as screen time quotas, exhibition opportunities for national films, and most importantly, the provision of direct financial support for domestic film production with the funds acquired through measures such as taxation at the theatrical box office, are in effect.

**CRTC, Public Notice (1983-174), August 15, 1983.

II THE SIGNIFICANCE OF FEDERAL POLICY OBJECTIVES FOR MANITOBA

To the extent that the anticipated new federal policy objectives in production activity are economic, and that they become focussed on big budget, "made for export" productions, and treat Canadian social or cultural goals as secondary, it will become increasingly more difficult for smaller production companies anywhere in Canada to operate successfully. Developing production industries, such as Manitoba's, which have primarily depended on local markets and smaller production, will function as a "resource base" of talent and technicians, and they will receive little federal support for productions originated in the regions.

Opportunities for Manitoba producers to develop will only result from a reassertion of social and cultural priorities that have traditionally been accepted as central to national policy making.

Flowing from this reassertion, it will be necessary for the CBC to work in a substantially expanded way with local Manitoba filmmakers. Alternative models such as that of Channel 4 in Britain*, or co-production with either CBC and/or NFB are instructive and should be explored. It should be kept in mind that any options relying on private investment will be constrained by the degree to which productions can expect to recover cost through sales. Programs which are explicitly Canadian will have to follow the world-wide pattern of recovering all or most of their costs in the domestic market. Subsequent foreign sales will represent a revenue bonus (likely less than 10%) that cannot be relied on by Canadian producers, any more than it is by British or Australian producers.

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*Channel 4's mandate is to produce British television programming using the resources of independent production companies. Channel 4 commissions 500 hours of programming annually, paying the full cost of production plus 10-20 percent in production fees to producers.

There is growing evidence that social and cultural goals are compatible with a viable industry structure,* if measures are introduced to ensure that television programs and films can earn back most, if not all their costs in the Canadian market.

Distribution systems will require changes to ensure their effectiveness at the federal level. There is scope for CBC/NFB to make Canadian films more accessible to the public, through the recently released CBC policy which raises the possibility of an additional network for Canadian programming. In addition, the CBPDF intends to focus support on private sector production of drama, variety and children's programming.

Federal Funding programs will also require restructuring, if they are to have an impact on the Manitoba film industry. Without changes to the CFDC criteria, Fund resources will continue to be almost inaccessible to Manitoba producers. For example, in Manitoba, only eight percent of the films produced over the past five years were in the feature film or television drama/variety categories to which CFDC funding applies. In 1981-82 the CFDC had one Manitoba application, and provided $10,000.00 in development funding.* In 1982-83 out of three Manitoba applicants, two received development and interim loan financing of a total of $50,000.00. Nor has the Capital Cost Allowance benefitted Manitoba producers and audiences. For example, in 1979 Manitoba taxpayers invested $6.1 million in Canadian feature films qualifying for the 100 percent CCA. In that year, only five Manitoba films with total production budgets of $691,881 qualified for the CCA. Tax incentives are an important means of leveraging private sector

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*See Impact of Federal Film and Television Policy Initiatives on Manitoba, Appendix A -- Report on Business.

investment in film production to which public funds are committed. Only alternative CCA's, such as those differentiated by region, or higher tax incentives such as Australia has introduced, would be beneficial to Manitoba.

With respect to television, one of the major obstacles in developing support throughout Canada for the distribution of Canadian-content programming, is that currently, the "Canadian content" being protected is central Canada programming which ignores regional realities and fails to adequately address the structural issues of program resources, network structures and increasing reliance on the U.S. market. If expanded production for television is to develop in Manitoba, it must be able to depend on effective realistic CRTC regulatory decisions. The CBC may represent the major market for independent producers, but it must be recognized that there is ample scope for both the cable companies and private broadcasters to finance Canadian productions on the basis of a meaningful definition of Canadian programming.

Finally, action must be taken with respect to the distribution of Canadian films in the motion picture theatre market.

Recommendations for federal action are summarized in the final section.

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*Total CFDC budget has been relatively static, at $4M, with an addtional $4M on a temporary basis in 1982-83 for use exclusively in providing interim loan assistance to producers.

D. PROPOSALS FOR A MANITOBA GOVERNMENT POLICY

I CONTEXT

Well planned government initiatives can ensure that opportunities will exist for the production and distribution of films which reflect Manitoba to Manitobans and to other Canadians. Such action would be timely in light of the following developments:

- the Canadian Broadcast Program Development Fund will provide the industry with $200M in assistance over the next five years;
- the recent announcement of a new federal policy for CBC;
- the introduction of pay television in Manitoba: Superchannel's expansion into Manitoba is predicated on a requirement it establish a creative development office and that it acquire 2 hours of provincial programming weekly, in addition to First Choice's requirement of acquiring 25% of its programming from regional sources;
- CRTC's tightening up of regulations concerning Canadian content and program expenditures;
- rapid increases in the number of television signals available; and
- rapid expansion of the videocassette market for films.

II POLICY OBJECTIVES

The premises on which the proposals put forward are based as follows:

1.1 Provincial policies affecting the film and video industries should be primarily an element of social and cultural policy, with the major ultimate goal being the production, distribution and exhibition of films and television program for both popular and minority or specialized audiences which reflect Manitoba to Manitobans and express the ideas and imagination of the creative community in the province.

1.2 Insofar as is compatible with according priority to the social and cultural goals identified above, provincial policy should be designed to maximize economic benefits as well.

III PROPOSED STRATEGY

Within this context, the proposed strategy is to concentrate both public and private resources to a much greater degree on independent production. This will enable independent producers to develop to a stage where they can carry out more ambitious productions of a social and cultural nature. Public resources committed to independent production would support activities of social and cultural significance to Manitoba, and would support Manitoba's technical and creative talent pool. It is recognized that to stimulate growth in the industry, attention must be given to categories of production which have no direct impact on social and cultural goals (such as television commercials, industrial films, etc.) These activities generate employment and form an important element in providing a financial base for expanding film production activity in the province.

IV POLICY RECOMMENDATIONS

4.1 Contracting Out of Manitoba Government Production

Over a period of not more than three years, the film and videotape production now carried out internally by government departments should be phased out, with the production needs of government departments and agencies being met in the future through the contracting out of government production to independent production companies in Manitoba.

The contracting out of government production should be handled by a designated central agency or organization which would work in close consultation with an internal advisory

committee, comprised of individuals responsible for communications activities within government departments.

The contracting out of Manitoba government production would increase the revenues of independent producers by an estimated $1M within three years. This revenue increase would permit an upgrading of equipment and staff resources, thus enabling the industry to attract increased private sector contract production. Overall, this revenue expansion would increase the industry's capacity to finance and undertake more social and culturally significant productions and co-productions.

The establishment of an agency to handle the contracting out could handle audio-visual communication and would be consistent with other aspects of communications services centralization - such as the Queen's Printer, the Advertising Audit Office and the Information Services Branch. An internal advisory committee could ensure that the agency remain aware of, and responsive to the needs of government departments. The production of educational films requires separate attention, which is discussed separately (below).

4.2 Direct Support to the Film and Video Industry

Beginning in 1984-85, the government should provide direct support through grants, loans and equity investments for the production, distribution, exhibition or marketing of films and videotapes produced in Manitoba which contribute to meeting the objectives identified in Section 2 above. At least $500,000 should be provided for this purpose in the first year, rising to $750,000 in the second year, and $1,000,000 in the third year.

A flexible program of assistance is recommended. Moreover, assistance should be designed to help producers gain access to federal funding from the CFDC; NFB and CBC. In the light of the

important role the Winnipeg Film Group plans in the independent production community the Group should have access to support for its activities through the new program.

Precise guidelines for the following categories should be developed after consultation with the industry:

- Script development: special support is required to encourage Manitoba writers to invest time to learn script writing techniques and to prepare scripts; support might involve a mix of direct grant and non-recourse loan;

- Project development: this includes the preparation of a detailed budget, making necessary arrangements for staff, financing, distribution and exhibition; support should involve non-recourse loans, repayable if the project proceeds.

- Production support: Equity investments are an effective means of permitting projects which are of social and cultural value, but involve substantial commercial risks; funding should be on a case-by-case basis, and should not normally exceed one-half of the production budget. Such support would also permit Manitoba producers to achieve access to the federal CBPDF and CFDC funds; in cases where producers have arranged pre-sales for their production, it may be preferable for the government to provide production loans.

4.3 Distribution and Marketing

Coherent strategies should be evolved in cooperation with the industry. Where possible the approach should be to cost-share with the private sector in pursuing the following primary objectives:

- increased penetration of the sales and rental market for Manitoba videocassettes and videodiscs;

- increased exposure of appropriate short production in Manitoba theatres and also in other Canadian theatres;

- strengthened distribution and promotion of Manitoba films to public libraries, educational film and videotape markets, and government departments;

- increased sales to television stations and networks both at the regional and national levels;
- support for translation of appropriate French-language productions for the English market and vice-versa; and
- penetration of foreign markets.

4.4 Professional Development and Management Counselling

Resident Manitobans, including freelance film workers and employees of independent production companies should receive financial assistance to improve their creative and technical skills. This may involve both professional development seminars and support for film apprenticeship programs. Such assistance should not involve full funding by the Province.

Assistance should be provided to Manitoba producers and production companies to strengthen their business ability and management skills in addition to industry specific skills. Other support might involve the financing of consultant studies to improve the operation of a particular company.

4.5 A Manitoba Television Service

Approval in principle should be given for the establishing of a Manitoba television service which would serve as a vehicle for responding to the social, cultural, information and educational needs of the people of the province and provide alternatives to existing mass audience programming.

The Manitoba television service should, as a general rule, commission its original programming from independent producers in the province, or purchase such programming from independent producers, making provision for the payment of realistic license fees when it does so.

A study should be initiated to examine alternatives for the programming and distribution of the proposed television service and to recommend and plan for establishing the service, including costs, programming focus and distribution arrangements.

It is essential that the proposed television service and the proposed film industry development program be seen as part of an integrated initiative. As other provincial television services have demonstrated, such services offer great scope for the provision of continuing education, re-training; children's programming; minority programming; and other social programming. A new agency will be required to operate the proposed service, which will have both curriculum related educational responsibilities and also broader social and cultural objectives. In the area of curriculum related programming the staff of the proposed agency would perform an executive producer role, ensuring that such production were designed to reflect the curriculum and educational goals of the Department of Education. Moreover, such a service could undertake to showcase independent Manitoba productions (and to pay realistic license fees for them). It should also contract out as much as possible of its production activity to independent producers - limiting itself to an executive producer role, and thus make a major difference in the competitive position of Manitoba producers.

The total costs of a Manitoba television service requires a separate review of the distribution options for the signal. Much of the programming for such a service would be acquired rather than produced; acquisition might be handled in conjunction with other provincial television services. The new service would be able to leverage significant expenditures through co-production assistance with the CBPDF. A reasonable estimate for programming expenditures for a Manitoba service would be $3M (2.5M for original programming (100 hours annually); 500,000 in acquisition costs).

4.6 Motion Picture Theatres

The Manitoba Amusements Act should be amended to make provision for the establishing of screen time quota legislation related to the exhibition of films of Canadian origin; and, under the provisions of the amended law, a quota requirement for the exhibition of short films of domestic origin should be established and discussions initiated with the federal government and other provinces concerning a cooperative approach which would ensure the provision of greater opportunities for the exhibition of domestic feature films.

A number of proposals for Canadian screen time quotas have been put forth in other provincial and federal reports. Most recently, a Task Force Report on film prepared for the federal Department of Communications in 1982, included a recommendation for a quota on short films of domestic origin.

Manitoba action with respect to short films would be an effective way of providing Manitobans with regular access to domestic films products. The nature of the quota requirement and payment provisions should be determined after consultation with producers, distributors and exhibitors.

4.7 Motion Picture Distributors

Recognition should be given to the importance of reducing the extraordinarily high level of dominance by foreign-controlled companies over films and videotape distribution in Canada.

Approval in principle should be given to amending the provincial Amusements Act to make provision for two categories of license to be issued to film distributors, one for Canadian-controlled companies, the second for foreign-controlled

distributors. The letter would be restricted to distributing only films to which they held worldwide distribution rights or, alternatively, only those films produced by themselves or by related companies.

Prior to implementation of this change, discussions should be held with the federal government and with other provinces to ensure that action taken by the Manitoba Government complements federal initiatives and/or actions by other provinces.

The expected federal film policy may address aspects of the "distribution bottleneck". Provincial action could however be immediately and directly beneficial. The proposed model for Manitoba is similar to Quebec's newly passed cinema law, Bill 109, which has established two categories of distributors (foreign and domestic) with distribution restrictions. If federal and complementary provincial discussions do not effectively deal with Manitoba distribution, the province should consider similar licensing requirements to that of Quebec.

4.8 Other Public Sector Distribution

Special funding should be provided in 1984-85 by the Department of Culture, Heritage and Recreation to permit public libraries in the province to upgrade their collections of Manitoba films and videotapes.

In cooperation with provincial public libraries, a special funding program should be developed by the Department of Culture, Heritage and Recreation that will ensure on a continuing basis that the necessary resources are allocated to permit public libraries in future years to purchase all appropriate Manitoba films and videotapes, and perhaps other Canadian productions as well.

The holdings and purchasing patterns with respect to Manitoba productions of those government departments involved substantially in lending films or videotapes should be reviewed, in order to establish purchasing policies which ensure that such government departments are able to acquire appropriate Manitoba films and videotapes and make them available to the public.

The institutional market is an important one for Manitoba producers. Such an initiative would have a positive financial benefit to independent producers, and would ensure that a satisfactory collection of Manitoba productions would be available to the public. Film collections would be strengthened in selected, central libraries, while the focus in smaller libraries throughout the province would be on developing collections of videotapes. This may require support for a program of transferring Manitoba films to videotape.

4.9 Complementary Federal Action

Co-ordinated federal and provincial initiatives would have a greater impact on the film industry than Manitoba initiatives alone. The following recommendations are therefore made:

The CBC

1. The CBC should earmark funds for commissioning, purchasing and co-producing programs with independent producers in Manitoba. A minimum of $250,000 should be designated in 1984-85, rising to at least $1 million by 1987-88.

2. When the CBC purchases programs from independent producers, it should pay license fees sufficient to permit producers to recover their costs in the domestic market.

3. The CBC's equipment and facilities should be made available to local producers either as part of the Corporation's contribution to such projects or, where appropriate, at a fair market price.

The NFB

1. Federal financial support should continue at least at the present level. Production resources should however have more focus on general audience films. The Board's distribution system should be streamlined and be more cost-efficient.

2. By 1984-85, NFB production resources should be split on a 50/50 basis, between its head and regional offices. By 1987/88, a target expection for production budget of $1M should be made.

3. NFB productions for television broadcast should be more widely used.

4. The NFB should greatly increase the level of co-production agreements with Manitoba independent producers.

The CRTC

1. The CRTC should carefully consider the current broadcasting system's ability to fulfill the social and cultural needs of Canadians in all regions.

2. The CRTC should consider whichever of the new services applications can best meet social and cultural objectives.

3. The CRTC's revision of the definition of Canadian television programming should include effective new criteria.

4. The CRTC should insist on the fulfillment of the conditions of license attached to the Pay Television services. Through conditions of license, it should impose comparable expenditure requirements related to Canadian programming for conventional broadcasters, (as proposed in the Commission's statment) on Canadian-content, with these requirements based on individual broadcaster's ability to meet such requirements. The latter conditions of license would be additional to existing regulations.

5. The CRTC should, through conditions of license or regulatory requirements, ensure that cable television companies make a substantially greater contribution to financing Canadian television programming.

Theatrical Film Distribution and Exhibition

1. Action should be taken by the Government of Canada, as part of film policy now being developed, to strengthen the Canadian-owned and controlled distribution companies, and support the distribution and marketing of Canadian films to theatre screens in Canada.

2. The federal government should cooperate closely with the Government of Manitoba so that federal and provincial initiatives affecting theatrical distribution and exhibition will be complementary.

General

1. The federal government and the Manitoba government should cooperate in supporting the upgrading of the managerial and production skills of the industry in Manitoba and the facilities available to producers in the province.

2. Representatives of the major federal film and television agencies should be designated to ensure cooperation and coordination of policy initiatives.

V IMPLEMENTATION CONSIDERATIONS

5.1 Manitoba Film Commission

A Manitoba Film Commission should be established to handle both the contracting out of Manitoba Government film and videotape production and the operation of support programs for filmmakers and film and videotape production, distribution and marketing.

At present, there does not exist an appropriate "arms-length" agency to ensure the effective implementation of a film development plan. Given the small scale of the Manitoba industry, one agency is capable of handling both the contracting out of government sponsored films and the delivery of industrial support programs. Its mandate should be to encourage commercial activities which are of a broad social and cultural value.

The Commission's mandate should be separate from that of the Manitoba Arts Council. This would not however exclude MAC involvement in film: MAC would continue to provide direct grants to support the production of non-commercial films that are of an experimental nature or which merit funding on the basis exclusively of their artistic value.

The Commission would be comprised of a Board of not more than seven members whose expertise would reflect all aspects of the film industry. Its operating budget would be in addition to the financial support programs (described under Production Support above) which it would administer.

5.2 Film and Video Advisory Committee

An Advisory Committee should be established which would meet at least twice a year and would both advise the Commission on the precise nature of the programs of assistance being provided and advise the Minister and the Department of Culture, Heritage and Recreation on all public policy issues, affecting the film and television industry in Manitoba.

An Advisory Committee would ensure that the appropriate kinds of assistance are being provided. The composition of the Advisory Committee should be made in consultation with the industry.

E. ECONOMIC IMPACT OF FILM AND TELEVISION PRODUCTION, DISTRIBUTION AND EXHIBITION IN MANITOBA

An Input-Output Model was utilized to compare the economic effects of expanding activity in various segments of the film and television industry. A comparison was firstly made of the national impact of $1M of input into five segments of the industry in Canada: picture production; movie theatres (including drive-ins); private television*, distributors; and the cable industry.

The most significant findings concerned impact upon wages, salaries and employment. Figures for Canada as a whole show that the highest level of impact was in picture production, with an output of $501,589.00 in wages and benefits, and the creation of 62.7 employment years. The second highest level of output was in movie theatres and drive-ins, at $433,955.00 in wages

*The analysis does not include the impact of the C.B.C. on these sectors.

and benefits and 53.4 employment years. These were followed in rank order of employment creation by private television ($478,100.00 in wages and benefits and 29.2 employment years), film and video distribution ($180,627.00 in wages and benefits and 21.8 employment years) and the cable television industry ($372,654.00 in wages and benefits and 19.2 employment years).** These figures compare favourably with other Canadian industries. In the iron and steel industry, for example, $1M of input will produce $339,927.00 in wages and benefits and 19.8 employment years. In the Canadian automobile manufacturing industry $1M of input will produce only $238,789.00 in wages and benefits and 13.8 employment years.

The national input-output model was then used to produce a simulation of the Manitoba economy. Available Manitoba statistics show the relevant aspects of the province's economy as having a relatively constant relationship to the rest of Canada. Within a given range the rank order (not precise empirical numbers) of output for the film industry and the Manitoba economy was reflected by the national model.

The input-output model was then utilized to determine the amount of incremental revenue which would be generated by the infusion by $1M into the production sub-category of the film industry in Manitoba. It was shown that such an input would generate in the order of $500,000 in wages, salaries and benefits in the province. This would produce approximately $35,000 in personal income taxes, and $15,000 in indirect taxes for the provincial government.

**All figures quoted are 1979 dollars. These are the latest figures available from Statistics Canada. The study showed that there have been only minor adjustments from year to year in the relative factor relationships of the sub-categories of the film industry. These adjustments do not materially affect the ranking of the output of the model. The model was therefore used to simulate the ranking of output for the sub-categories of the film industry in Canada in 1984.

Further benefits could accrue to Manitoba if $1M of input into the province's film industry succeeded in leveraging federal government and years would be created, which would produce $100,000 in additional government revenues. The medium case scenario envisaged $1M of input into private sector financing. Under the worst case scenario, if only $1M in additional funds was leveraged, for a total input of $2M, 126 employment the province's film industry leveraging an additional $2M, for a total input of $3M. This would create 188 employment years, which would produce $150,000 in Manitoba government revenues. Under the best case scenario, an additional $3M could be leveraged, which would create 251 employment years, and $200,000 in government revenues.*

In summary, the numbers appear to indicate that funds provided to the production sector of the film industry in Manitoba will generate the most employment. It was noted that programs will need to provide some control over eligibility to ensure that Manitobans reap the benefits of jobs created.

*All figures $ 1979.